

Revised to reflect amendments adopted through 3/4/14.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	44,485	(3,006,563)		(3,540,606)
CASH FUNDS	See below	3,028,061	See below	3,565,923
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	44,485	21,498		25,317

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 814 provides that the sales and use tax proceeds derived from the sale or lease of motorboats, personal watercraft, all-terrain vehicles and utility-type vehicles shall be deposited into the newly created Game and Parks Commission Capital Maintenance Fund and used for the repair/maintenance, etc. of Game and Park’s infrastructure. These sales and use taxes are currently deposited into the General Fund, the State Highway Capital Improvement Fund and the Highway Allocation Fund. The county treasurer will become responsible for collecting the tax on all-terrain and utility-type vehicles when the purchaser makes a title application. The counties are allowed to retain a portion of the proceeds as a collection fee. LB 814 has a sunset date and is effective for the time period of October 1, 2014 to October 1, 2019.

Revenue estimates were received from both the Game and Parks Commission and the Department of Revenue (see attached). For the purpose of this fiscal note the average of these two estimates are used. The following table shows the impact on each of the involved funds and indicates that \$3,149,883 would be made available to the Game and Parks Commission in FY14-15 and \$3,709,383 would be available in FY15-16 to use as provided in section 2.

	General Fund	State Highway Capital Improvement Fund (Dept. of Roads)	Highway Allocation Fund (Cities and Counties)	Game and Parks Commission Capital Maintenance Fund
FY14-15	(3,006,563)	(121,822)	(21,498)	3,149,883
FY15-16	(3,540,606)	(143,460)	(25,317)	3,709,383

Expenditures-

Given the intent of the bill is to generate additional funding to help address the infrastructure needs of the Game and Parks Commission, an A-bill will be introduced to provide the authority to spend the revenue deposited into the Game and Parks Commission Capital Maintenance Fund.

The Department of Revenue estimates a one-time cost of \$44,485 General Funds for a new sales/use tax form and for computer programming changes.

Fiscal notes from Lancaster and Douglas counties indicate that the added cost to collect and remit the tax will be minimal and can be absorbed. The allowed collection fee may offset these collection costs and on a statewide level will increase county revenue by an estimated \$15,000 annually.

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ AM 1876 to LB 814

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ 2/11/2014 Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$2,957,766	\$2,957,766	\$2,957,766	\$2,957,766
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$2,957,766	\$2,957,766	\$2,957,766	\$2,957,766

Explanation of Estimate:

The proposed legislation would create a new cash fund, the Game and Parks Commission Capital Maintenance Fund, to be used to build, repair, renovate, rehabilitate, restore, modify or improve any infrastructure within the statutory authority and administration of the commission. The major source of revenue for this fund is to be the proceeds of the sales and use taxes as imposed pursuant to section 77-2703 derived from the sale or lease of motorboats defined in section 37-1204, personal watercraft as defined in section 37-1204.01, all-terrain vehicles as defined in section 60-103, and utility-type vehicles as defined in section 60-135.01. Said taxes would be transferred to this new fund for the period of October 2, 2014 to September 30, 2019, a period of 5-years.

The Department of Revenue has indicated that sales tax attributable to motorboat sales in FY08 through 12 averaged \$2,454,054 annually (\$2,561,453; \$2,314,111; \$2,339,994; \$2,274,914; \$2,779,794). This figure will be used for estimating annual revenues. The first year's amount would be reduced somewhat due to the affective collection date of October 2, 2014.

Providing a definitive estimate for revenues for ATV's /UTV's is rather problematic in that much of the needed information for analysis is not captured and recorded in manner and level of detail sufficient to capture precisely. The Department of Motor Vehicles has indicated that titles attributable to ATV/Utility vehicle and Minibikes for 2009 through 2013 averaged 6,360 (5348, 4972, 6242, 7386, and 7851 respectively). The three vehicle are tracked together. For purposes of providing an estimate, it will be assumed that 90% are ATV/UTV type vehicles (5,724). This figure will be used for estimating annual revenues.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....			\$2,957,766	\$2,957,766
TOTAL.....			\$2,957,766	\$2,957,766

In contact with dealers it was determined that the average price of an ATV is approximately \$6,000 and a UTV is approximately \$12,000. For purposes of this note, a figure of \$8,000 will be used and applied to the estimated number of titled vehicles (estimated sales). In discussions with the dealers, it was also determined that approximately 80% of their sales are attributable to agricultural purposes and most often purchased under Nebraska's agricultural machinery and equipment sales tax exemption (<http://www.revenue.nebraska.gov/info/6-368.pdf>). Thus using an estimated 5,724 ATV/UTV sales x \$8,000 average cost x 20% non ag x 5.5% sales tax rate, an estimated \$503,712 might be generated annually for the new fund. The first year's amount would be reduced somewhat due to the affective collection date of October 2, 2014.

For fiscal note purposes an average combined annual total of \$2,957,766 will be used. It is understood that the first year's amounts will be impacted by the transfer start date of October 2, 2014, and while not reflected, an increase in sales and taxes between years is likely. For the 5-year effective transfer period, a total of over fifteen million dollars would be anticipated for the Capital Maintenance Fund.

These revenues, while available for any Commission property, would be targeted to Park areas during the initial years. The Nebraska Game and Parks Commission would request an A-bill with this legislation to ensure that the revenue would be additive to existing expenditure authority. All authority would be requested for Program 901 Deferred Maintenance to include ADA facility improvements.

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/5/2014				
Approved by: Kim Conroy		Date Prepared: 3/5/2014				
		Phone: 471-5896				
	FY 2014-2015		FY 2015-2016		FY 2016-2017	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$44,485	(\$3,190,000)		(\$4,258,000)		(\$4,406,000)
Cash Funds		\$3,213,000		\$4,289,000		\$4,437,000
Federal Funds						
Other Funds		(\$23,000)		(\$31,000)		(\$31,000)
Total Funds	\$44,485	\$0		\$0		\$0

AM 1876 to LB 814 requires the county treasurer to collect state and local sales tax on the purchase of motorboats, personal watercraft, all-terrain vehicles, and utility-type vehicles at the time the vehicle is registered or titled with the county treasurer (sales tax on all-terrain vehicles and utility-type vehicles is currently collected by the seller at the time of purchase).

AM 1876 credits state sales and use tax on the proceeds on the sale or lease of motorboats, personal watercraft, all-terrain vehicles, and utility-type vehicles to the Games and Parks Commission Capital Maintenance Fund for transactions occurring on or after October 1, 2014, and before October 1, 2019. The sales and use tax receipts on the sale or lease of motorboats, personal watercraft, all-terrain vehicles, and utility-type vehicles are currently deposited in the General Fund. Local option sales tax will be remitted to the locality in which the purchaser takes possession of the all-terrain or utility-type vehicle.

AM 1876 requires the seller of all-terrain vehicles and utility-type vehicles to provide the purchaser with a statement indicating tax imposed on the sale and a certified statement of the transaction as prescribed by the Tax Commissioner. The statement must include the total sales price, trade-in allowance, and net sales price. Sales tax will be collected by the lessor on the rental or lease price.

An all-terrain vehicle or utility-type vehicle must be titled with the county treasurer within 30 days of purchase. If the all-terrain vehicle or utility-type vehicle is not titled within 30 days of the purchase, interest applies to the sales tax until the date of payment as provided under the Revenue Act. The county treasurer may deduct a collection fee pursuant to the Revenue Act; the collection fee will be forfeited if the county treasurer violates any rule pertaining to the collection of use tax. The county treasurer must report and remit the sales tax collected on all-terrain vehicle or utility-type vehicle on the 15th of the month following collection of the sales tax.

AM 1876 establishes penalties for: willful understatement of the sales price; failing to provide the certified statement to the purchaser upon sale and failing to file the certified statement or pay the tax due by the due date.

AM 1876 also provides that a purchaser may not rescind a sales of a motor vehicle, semitrailer, trailer, or motorboat if the certified statement provided by the seller does not include the dollar amount of the tax due.

LB 814 AM 1876 is expected to impact the following funds:

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund (County)	Highway Trust Fund	Game and Parks Commission Capital Maintenance Fund
FY 2014-15	(\$3,190,000)	(\$ 90,000)	(\$23,000)	(\$39,000)	\$3,342,000
FY 2015-16	(\$4,258,000)	(\$112,000)	(\$31,000)	(\$60,000)	\$4,461,000
FY 2016-17	(\$4,406,000)	(\$117,000)	(\$31,000)	(\$62,000)	\$4,616,000
FY 2017-18	(\$4,559,000)	(\$122,000)	(\$32,000)	(\$63,000)	\$4,776,000

Implementation cost of LB 841 includes \$20,815 to develop mainframe development charges and to add two lines to the NebFile for businesses return, and \$23,670 to develop a new tax form and a processing system to collect the tax. Both charges are billed by the OCIO. The bill is effective October 1, 2014.

Major Objects of Expenditure

Class Code	Classification Title	14-15	15-16	16-17	14-15	15-16	16-17
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....				\$44,485		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$44,485		

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2014

LB⁽¹⁾ 814 AM1876

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Lancaster County Treasurer's Office

Prepared by: ⁽³⁾ Don Arp/Michelle Raphael

Date Prepared: ⁽⁴⁾ 01/21/14

Phone: ⁽⁵⁾ 402-441-6487 /
402-441-7446

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: The cost to internally set up the accounting structure to implement the collection and payment of an additional State mandated fee is minimal and can be absorbed by the County.

The County Treasurer's Office requests a 1% commission for the collection of the funds relating to LB 814. The small commission would allow the county to offset a portion of the staff time and office expense to process additional transactions and collect money on behalf of the State of Nebraska. A commission is consistent with existing statutory practices already in place for other types of funds collected by the county on behalf of other entities (i.e. State Statute 33-114, 60-3,186, 37-1217, and 60-3,217).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15 EXPENDITURES</u>	<u>2015-16 EXPENDITURES</u>
	<u>14-15</u>	<u>15-16</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 814 / AM 1876 Change the distribution of sales tax revenue to provide funding to the Game and Parks Commission **FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County / Douglas County Treasurer

Prepared by: ⁽³⁾ Marcos San Martin, Douglas County Administration
 Date Prepared: ⁽⁴⁾ 2/18/2014
 Phone: ⁽⁵⁾ 402.444.5116

Timothy Cavanaugh, Chief Deputy Treasurer
 402.444.3250

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Explanation of Estimate:

NO FISCAL IMPACT TO COUNTY

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>N/A</u>	<u>N/A</u>